Housing-Based Minimum Wage Act

Summary

This legislation establishes a new minimum wage system that ties county-level minimum wages to local housing costs, specifically the median price of unit owner-occupied purchased homes within the previous calendar year. The system includes state-level floor and ceiling provisions to prevent extreme wage disparities while maintaining regional economic relevance.

Section 1: Definitions

For the purposes of this Act:

- "Owner-occupied unit" means a residential property purchased for the purpose of primary residence by the owner, defined as the location where the owner resides more than six months of the year. This includes single-family homes, condos, townhouses, etc.
- "County" refers to any county, parish, borough, or equivalent primary administrative division within a state.
- "Work year" consists of 2,080 hours, representing 40 hours per week for 52 weeks.
- "Median purchase price" means the middle value of all owner-occupied unit purchase prices when arranged from lowest to highest.

Section 2: Federal Property Purchase Report Form and Data Collection System

A. Standard Federal Property Purchase Report Form

1. The Department of Labor shall create a uniform single-page Federal Property Purchase Report Form ("The Form") requiring only:
    - Property address
    - County location
    - Purchase price
    - Date of purchase
    - Owner-occupied status after purchase (Yes/No)
2. No personal identifying information shall be included on The Form
3. Each Form shall be assigned a unique tracking number
4. The Form shall include the same property identification number used on the deed

B. Form Requirements and Implementation

1. The Form shall:

    - Be required as part of all property deed recordings
    - Be page 1 of any deed recording packet
    - Be required for recording acceptance

2. Title Company/Closing Agent Requirements:

    - Must complete The Form as part of closing documentation
    - Must submit The Form with deed recording packet
    - Must verify owner-occupied status matches loan documents

3. State Recording Requirements:

    - All state recording offices must update their deed recording requirements to include The Form
    - No deed shall be recorded without a completed Form
    - Counties shall not accept deed recordings without The Form

C. Responsibilities of County Recorders

1. County Recorders shall:

    - Verify Form completion before accepting deed recording
    - Collect and maintain data from The Form on all property purchases within the county
    - Upload Form data to Federal Housing-Wage Portal within 30 days
    - Maintain physical or digital copy with deed records
    - Compile this data annually for each calendar year

Note: Because The Form will be submitted with property deeds, titles, and accompanying mortgage documentation at the time of purchase, county recorders will have immediate access to the necessary standardized information for data collection. This information is already required and collected in most counties/states. We're just requiring it federally to be compiled without purchaser details on one page to make it easier to submit to the Federal Housing-Wage Portal.

D. Submission Timeline

By March 1 of each year, counties shall:

1. Calculate the median purchase price for all owner-occupied units sold in the previous calendar year.
2. Submit both the raw transaction data and the calculated median to their state government.

E. State Verification Requirements

1. Utilize existing primary residence declarations from property deed and mortgage documentation.
2. False declarations of primary residence status shall remain subject to existing state fraud statutes.

F. Federal Data Infrastructure

1. The U.S. Department of Labor, in coordination with the Department of Housing and Urban Development, shall develop and maintain a secure, centralized platform ("Federal Housing-Wage Portal") for intake, analysis, and storage of housing transaction data submitted by counties and states under this Act.

2. This platform shall:

    - Utilize modern automation, including AI-enabled document processing, to streamline verification and aggregation of owner-occupied unit sales data
    - Automatically calculate running median purchase prices
    - Track total owner-occupied purchases
    - Generate county-level reports

3. Participation by counties and states in this platform shall be phased in, with technical and financial support provided as necessary.

G. Public Accountability Dashboard

The Federal Housing-Wage Portal shall maintain public access to:

1. Number of owner-occupied purchases by county/state/national
2. Percentage of owner-occupied purchases relative to total purchases
3. Progress toward 65% owner-occupancy goal
4. Historical trends and comparisons

    - All data shall be updated monthly
    - No individual property data shall be publicly displayed

H. Data Verification

1. Portal shall flag statistical anomalies for review
2. Counties must certify accuracy of submissions
3. Department of Labor shall conduct periodic audits

Section 3: Minimum Transaction Requirements

A. Qualification Criteria

To implement a new minimum wage calculation, a county must have recorded:

1. A minimum of 20 owner-occupied unit sales in the previous calendar year, OR
2. Sales representing at least 1% of the county's total owner-occupied housing stock, whichever is less.

Counties not meeting these minimums shall:

1. Maintain their current minimum wage rate, OR
2. Use a three-year rolling average of sales data if available.

B. Extreme Value Protection

To prevent extreme fluctuations:

1. Annual increases shall be capped at 10% regardless of calculation.
2. For counties with fewer than 50 annual sales, any single transaction exceeding 200% or less than 50% of the previous year's median shall be excluded from calculations.

Section 4: Minimum Wage Determination

A. Rationale and Approach

To establish a minimum wage floor dynamically linked to significant local economic indicators reflecting housing costs, this section bases the primary county minimum wage calculation on the median purchase price of owner-occupied units within that county.

The initial baseline factor of 6.75% is intended to establish a foundational relationship between annual minimum earnings and local housing purchase values, recognizing housing as a primary expense.

This percentage is subject to review and potential adjustment following the pilot period and subsequent evaluations based on collected data (as per Section 6 and Section 9).

To ensure a basic minimum standard relative to the broader state economy and to moderate wage requirements in counties with exceptionally high housing purchase prices compared to the state average, state-level wage floor and ceiling provisions are established based on the state's median owner-occupied unit purchase price using factors of 5.75% and 6.75% respectively.

B. County Minimum Wage Calculation

For each county, the minimum wage shall be calculated as: 6.75% of the county's median owner-occupied unit purchase price from the previous calendar year, divided by 2,080 hours.

C. State Floor and Ceiling Calculation

Each state shall calculate:

1. A wage ceiling equal to 6.75% of the state's median owner-occupied unit purchase price from the previous calendar year, divided by 2,080 hours.
2. A wage floor equal to 5.75% of the state's median owner-occupied unit purchase price from the previous calendar year, divided by 2,080 hours.

D. Application of Floor and Ceiling

1. If a county's calculated minimum wage under subsection (B) exceeds the state ceiling calculated under subsection (C)(1), the minimum wage for that county shall be set at the state ceiling rate.
2. If a county's calculated minimum wage under subsection (B) falls below the state floor calculated under subsection (C)(2), the minimum wage for that county shall be set at the state floor rate.

Section 5: Implementation and Enforcement

A. Timeline

1. States shall publish the new minimum wage rates for each county by May 1 of each year.
2. New minimum wage rates shall take effect on July 1 of each year.

B. Minimum Wage Stability

1. The minimum wage rate for any county shall never decrease from year to year.
2. If a newly calculated rate is lower than the current rate, the current rate shall remain in effect.

C. Department of Labor Responsibilities

The U.S. Department of Labor shall:

1. Establish standards for data collection and calculation.
2. Provide technical assistance to states and counties.
3. Enforce compliance with this Act.
4. Review and analyze the impact of this system on workers, businesses, and housing markets.

D. Data Transparency

1. All county and state minimum wage calculations shall be publicly available online in a standardized, machine-readable format.
2. Annual reports shall include:
    - Owner-occupancy rates by county.
    - Progress toward ownership targets.
    - Median purchase price trends.

Section 6: Transition Period and Special Provisions

A. General Transition

1. Effective Date: This Act shall come into effect one year after passage.
2. Pilot Period:
    - The first six months of implementation shall serve as a pilot period to collect data and determine if 6.75% and 5.75% are appropriate.
    - The Department of Labor shall review preliminary data to validate floor/ceiling percentages.
    - The Department of Labor may recommend adjustments to the wage floor and ceiling percentages based on findings from the pilot period, subject to Congressional or regulatory approval.
3. Cap on Wage Increases:
    - If the calculated minimum wage for any county would result in an increase of more than 10% from the previous minimum wage, the increase shall be limited to 10%.
4. Implementation Assistance:
    - States may apply for implementation assistance grants from the U.S. Department of Labor to support the development of necessary data collection and reporting systems.

B. Tipped Employees Transition

1. Phased Transition Schedule: The practice of paying reduced minimum wages for tipped employees shall be phased out over a five-year period as follows:
    - Year 1: Tipped minimum wage must be the greater of:
        - 40% of the county-determined minimum wage,
        - The existing tipped minimum wage rate at the time of enactment,
        - The Federal tipped minimum wage.
    - Year 2: Tipped minimum wage must be the greater of:
        - 55% of the county-determined minimum wage,
        - The existing tipped minimum wage rate at the time of enactment,
        - The Federal tipped minimum wage.
    - Year 3: Tipped minimum wage must be the greater of:
        - 70% of the county-determined minimum wage,
        - The existing tipped minimum wage rate at the time of enactment,
        - The Federal tipped minimum wage.

- Year 4: Tipped minimum wage must be the greater of:
  - 85% of the county-determined minimum wage,
  - The existing tipped minimum wage rate at the time of enactment,
  - The Federal tipped minimum wage.
- Year 5: Tipped minimum wage must be the greater of:
  - 100% of the county-determined minimum wage,
  - The existing tipped minimum wage rate at the time of enactment,
  - The Federal tipped minimum wage.

2. Employee Protections: At no point during or after the transition period shall any tipped employee receive less than their current wage rate at the time of enactment.
3. Small Business Protection Measures: Businesses with fewer than 50 employees may apply for:
   - Technical assistance grants for business model adaptation,
   - Tax credits during the transition period,
   - An optional one-year extension with demonstrated hardship.

4. Additional Guidelines:
   - Tips shall remain additional compensation beyond the minimum wage throughout and after the transition period.
   - Tip pooling remains permissible but cannot be used to offset minimum wage obligations.
   - The Department of Labor shall:
     - Provide guidance and resources for business model adaptation,
     - Monitor economic impacts during the transition,
     - Offer mediation services for businesses experiencing hardship,
     - Report annually on implementation progress.

C. Vehicle-Based Gig Work Compensation

1. Rationale and Approach:
   - This section establishes a distinct minimum base pay requirement for engaged time performing vehicle-based gig work.
   - It uses 10% of the state median owner-occupied unit purchase price, divided by 2,080 hours, as the base pay rate to account for vehicle operating expenses and downtime.

2. Base Pay Requirements:
    - All engaged time must be compensated at no less than this base pay rate.
    - Engaged time is strictly defined as:
        - Time actively driving to a designated pickup location after accepting a specific service or delivery request.
        - Time actively providing the requested passenger transport or delivery service.
3. Tracking Requirements:
    - Companies must provide workers with:
        - Reliable, real-time tracking of all engaged hours.
        - Accessible earnings statements detailing:
            - Base pay earned for engaged time.
            - Any additional compensation, including tips.
            - Total engaged hours worked.
    - Nothing in this section shall be construed to alter the legal classification of workers under federal or state law.

Section 7: Multi-County Employment

A. Payment Standards

Workers performing work in multiple counties during their employment shall be paid at the highest applicable county minimum wage rate for ALL hours worked, regardless of location.

B. Applicability

Applies to:

1. Workers who regularly travel between counties.
2. Workers with multiple job sites.

C. Remote Work Exception

For remote workers, compensation shall be based on:

1. The minimum wage rate of their primary agreed-upon work location, OR
2. The employer's primary location.
3. Remote workers who choose to work while traveling shall be paid at their established base rate, not the rate of their temporary location.

Section 8: Corporate Income Disparity Tax and Small Business Assistance Grants

A. Purpose and Scope

This section imposes a tax on corporations that maintain a consolidated payroll and exhibit a CEO-to-worker pay ratio exceeding a specified threshold. The revenues generated shall be directed to a grant program assisting small businesses (employing fewer than 50 workers) in adapting to the wage increases mandated by this Act.

B. Taxable Entities and Exceptions

1. Consolidated Payroll Systems: The tax applies to corporations with unified payroll systems—including all corporate-owned operations.
2. Franchised and Independently Operated Outlets: Independently owned franchise outlets (e.g., those operated by McDonald's franchisees) are exempt from the tax if they function as separate legal entities and have fewer than 50 employees. Such entities may instead access assistance under the small business grant program.
3. Aggregation Exception: In cases where a franchisor aggregates financial data across both corporate-owned and franchisee operations, only data from the corporate-owned segment shall be used for calculating the CEO-to-worker pay ratio.

C. Determination of Tax Liability

1. Threshold Ratio: A standard threshold is set at a CEO-to-worker pay ratio of 100-to-1. For corporations where the CEO's total annual compensation exceeds 100 times that of the lowest-paid employee, the differential amount beyond this threshold shall be subject to taxation.
2. Calculation Method: The tax shall be computed on the excess ratio on a progressive scale. However, the total tax imposed shall not exceed an aggregate amount equivalent to the difference between the CEO's annual compensation and that of the lowest-paid employee within the corporation.
3. Progressivity: Corporations with higher excess ratios shall incur higher tax rates on the differential, ensuring that the tax burden remains proportional and reflective of the disparity.

D. Allocation and Use of Revenue

1. Dedicated Fund: All revenue collected pursuant to this section shall be deposited into a dedicated fund.
2. Grant Programs: The funds shall be used exclusively to provide technical and financial assistance grants to small businesses with fewer than 50 employees that are affected by the wage increase requirements of this Act.
3. Grant Limitation: No individual grant shall exceed an amount equivalent to the differential between the CEO's compensation and the lowest-paid employee's wage within the taxing corporation, ensuring support is proportional and targeted.

E. Administration and Oversight

1. The U.S. Department of Labor, in coordination with the Internal Revenue Service, shall be responsible for administering the tax, enforcing compliance, and overseeing the disbursement of grants.
2. Annual audits shall be conducted, and detailed reports on tax collections and grant distributions shall be submitted to Congress.
3. Any adjustment or recalibration of the threshold ratio, tax rates, or grant limitations shall be subject to review every five years, taking into account shifts in corporate compensation practices and economic conditions.

F. Incentivizing Income Disparity Reductions

By imposing an additional tax when CEO-to-worker pay ratios skyrocket, this provision encourages more equitable compensation structures. Corporations in the public eye—like Walmart, Amazon, or gig economy platforms—are thus incentivized to reassess excessive disparities. Though this provision may prompt significant debate among large corporations and their executives, its inclusion serves as both a symbolic and practical measure to address extreme income disparities. By earmarking funds to assist small businesses, this measure helps ensure that wage adjustments do not disproportionately burden those with fewer resources, while challenging corporate practices considered detrimental to economic equity.

Section 9: Reporting and Evaluation

A. Annual Reports to Congress

The U.S. Department of Labor shall submit an annual report to Congress on:

1. The implementation of this Act.
2. The range and distribution of minimum wages across counties and states.
3. The relationship between housing costs and minimum wages.
4. The economic impact of the new minimum wage system.

B. Comprehensive Evaluation

The U.S. Government Accountability Office shall conduct a comprehensive evaluation of this Act after five years of implementation and recommend any necessary adjustments.

Section 10: Preemption and Local Authority

A. Local Authority to Exceed Federal Minimum

This Act establishes the methodology for determining minimum wages but does not prevent states or local governments from establishing higher minimum wages through their own legislation.

B. Prohibition on Lower Wages

No state or local government may establish a minimum wage lower than that calculated under this Act.